



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 31 MARCH 2015

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

1(a) **A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

UNAUDITED FIRST QUARTER RESULTS

	Group		
	3 Months Ended 31 March		
	2015	2014	Increase /
	S\$'000	S\$'000	(Decrease)
			%
Revenue	7,003	2,681	161.2
Cost of properties sold	(1,993)	-	N.M.
Other operating income	774	722	7.2
Personnel expenses	(1,283)	(808)	58.8
Depreciation of fixed assets	(57)	(54)	5.6
Other operating expenses	(2,992)	(1,110)	169.5
Profit from operations	1,452	1,431	1.5
Finance expenses	(3,623)	(1,997)	81.4
Finance income	1,403	848	65.4
Share of results of associated companies/joint venture companies	2,580	2,216	16.4
Profit before tax from operations	1,812	2,498	(27.5)
Income tax expense	(589)	(68)	766.2
Profit for the period, net of tax	1,223	2,430	(49.7)
Other comprehensive income:			
Foreign currency translation	359	(518)	(169.3)
Total comprehensive income for the period	1,582	1,912	(17.3)
Profit attributable to:			
Owners of the parent	1,460	2,416	(39.6)
Non-controlling interests	(237)	14	(1,745.8)
	1,223	2,430	(49.7)
Total comprehensive income attributable to:			
Owners of the parent	1,819	2,010	(9.5)
Non-controlling interests	(237)	(98)	142.8
	1,582	1,912	(17.3)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED BALANCE SHEETS

	Group		Company	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Fixed assets	97,144	68,291	133	161
Investment properties	172,520	172,333	-	-
Subsidiaries	-	-	25,606	25,606
Associated companies	48,235	44,022	5,000	5,000
Joint venture companies	48,435	50,330	-	-
Amounts due from associated companies, joint venture companies and investee companies	180,911	175,327	-	-
Other investments	218	218	-	-
Intangible assets	109	109	-	-
Deferred tax assets	2	-	2	-
	547,574	510,630	30,741	30,767
Current assets				
Development properties	206,783	210,694	69,786	73,679
Trade receivables	324	159	-	-
Other receivables	4,376	8,670	1	3
Prepayments	611	574	66	19
Amounts due from subsidiaries (non-trade)	-	-	239,573	219,002
Amounts due from related parties (trade)	13	37	-	-
Amounts due from joint venture company (non-trade)	1,982	1,293	-	1,293
Fixed deposits	6,625	20,036	6,465	19,221
Cash and bank balances	18,594	19,485	13,274	13,344
	239,308	260,948	329,165	326,561
Current Liabilities				
Trade payables	6,040	5,944	804	1,272
Other payables and accruals	7,027	5,135	3,834	2,032
Amounts due to subsidiaries (non-trade)	-	-	30,574	29,729
Lease obligations	11	20	-	-
Bonds	75,000	75,000	75,000	75,000
Bank term loans	91,539	92,139	-	-
Income tax payable	1,739	1,407	-	-
	181,356	179,645	110,212	108,033
Net current assets	57,952	81,303	218,953	218,528
Non-current liabilities				
Other payables and accruals	912	1,025	-	-
Amounts due to associated companies (non-trade)	36,420	36,079	-	-
Bonds	60,000	60,000	60,000	60,000
Bank term loans	183,724	167,923	60,995	60,995
Deferred tax liabilities	434	159	434	159
	(281,490)	(265,186)	(121,429)	(121,154)
Net assets	324,036	326,747	128,265	128,141
Share capital and reserves				
Share capital	58,803	58,803	58,803	58,803
Shareholders' contribution	8,596	8,596	-	-
Other reserves	(681)	(1,040)	-	-
Retained earnings	242,061	240,601	69,462	69,338
	308,779	306,960	128,265	128,141
Non-controlling interests	15,257	19,787	-	-
Total equity	324,036	326,747	128,265	128,141

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
91,550	75,000	92,159	75,000

Amount repayable after one year

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
183,724	60,000	167,923	60,000

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties and development properties of the borrowing companies. Lease obligations are secured on the assets purchased under lease financing.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS

	Group	
	3 Months Ended 31 March	
	2015	2014
	\$'000	\$'000
Cash flows generated from operating activities		
Profit before tax	1,812	2,498
Adjustments for:		
Depreciation of fixed assets	57	53
Loss on disposal of fixed assets	874	-
Share of results of associated companies/joint venture companies	(2,580)	(2,216)
Interest expense	3,623	1,997
Interest income	(1,403)	(848)
Unrealised exchange differences	(93)	-
Operating cash flows before changes in working capital	2,290	1,484
Decrease (increase) in development properties	3,911	(1,351)
(Increase) decrease in trade receivables	(165)	15
Decrease in other receivables	4,294	2,801
(Increase) decrease in prepayments	(37)	227
Increase (decrease) in trade payables	96	(2,004)
Increase in other payables and accruals	1,779	240
Decrease in amount due from related parties (trade)	24	2
Cash flows from operations	12,192	1,414
Interest received	1,403	848
Interest paid, excluding amounts capitalised	(3,623)	(1,997)
Income taxes paid	17	174
Net cash from operating activities	9,988	439

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)

	Group	
	3 Months Ended 31 March	
	2015	2014
	\$'000	\$'000
Cash flows (used in) from investing activities		
Purchase of fixed assets	(31,315)	(3)
Net cash outflow on acquisition of a subsidiary	-	(46,373)
Repayment of loan to investee company	(34)	(5,720)
Net loan to and investment in associated companies and joint venture companies	(4,288)	(5,259)
Proceeds from liquidation of an associated company	200	-
Net cash used in investing activities	<u>(35,437)</u>	<u>(57,355)</u>
Cash flows (used in) from financing activities		
Repayment of lease obligations, net	(9)	(15)
Proceeds from bank loans, net	15,449	7,980
Return of contributions to non-controlling interests	(4,293)	-
Net cash generated from financing activities	<u>11,147</u>	<u>7,965</u>
Net decrease in cash and cash equivalents	(14,302)	(48,951)
Cash and cash equivalents at beginning of period	39,521	56,279
Cash and cash equivalents at end of period	<u>25,219</u>	<u>7,328</u>

Note: Cash and cash equivalents

	Group	
	3 Months Ended 31 March	
	2015	2014
	\$'000	\$'000
Fixed deposits	6,625	6,000
Cash and bank balances	18,594	2,080
Bank overdrafts	-	(752)
Cash and cash equivalents	<u>25,219</u>	<u>7,328</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company					Non-controlling Interests	Total Equity
	Share Capital S\$'000	Shareholders' Contribution S\$'000	Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000		
Balance at 1 January 2014	58,803	8,596	(247)	235,981	303,133	(4)	303,129
Total comprehensive income for the period	-	-	(406)	2,416	2,010	(98)	1,912
Acquisition of new subsidiary	-	-	-	-	-	5,221	5,221
Balance at 31 March 2014	58,803	8,596	(653)	238,397	305,143	5,119	310,262
Balance at 1 January 2015	58,803	8,596	(1,040)	240,601	306,960	19,787	326,747
Total comprehensive income for the period	-	-	359	1,460	1,819	(237)	1,582
Return of contributions to non-controlling interests	-	-	-	-	-	(4,293)	(4,293)
Balance at 31 March 2015	58,803	8,596	(681)	242,061	308,779	15,257	324,036

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 January 2014	58,803	73,044	131,847
Total comprehensive income for the period	-	(773)	(773)
Balance at 31 March 2014	58,803	72,271	131,074
Balance at 1 January 2015	58,803	69,338	128,141
Total comprehensive income for the period	-	124	124
Balance at 31 March 2015	58,803	69,462	128,265

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on

State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There is no change in the Company's share capital for the period from 1 January 2015 to 31 March 2015.

There are 44,725,994 outstanding share warrants as at 31 March 2015 and 31 December 2014 which entitle the holders to subscribe for new ordinary shares at the exercise price of S\$0.70 each. These share warrants may be exercised from 3 March 2014 to 3 September 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

The Company did not hold any treasury shares as at 31 March 2015 and 31 December 2014.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2015 and 31 December 2014 was 268,615,194.

The Company did not issue any preference shares as at 31 March 2015 and 31 December 2014.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2015.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2014 as well as applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

	Group		
	1Q2015 Cents	1Q2014 Cents	Decrease %
Earnings per ordinary share attributable to equity holders of the Company for the period			
(a) On a basic basis	0.54	0.90	(39.6)
(b) On a fully diluted basis	0.54	0.90	(39.6)

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current period reported on; and
(b) immediately preceding financial year**

	Group		Company	
	31/3/2015 Cents	31/12/2014 Cents	31/3/2015 Cents	31/12/2014 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	114.95	114.28	47.75	47.70

The above have been computed based on 268,615,194 ordinary shares in issue as at 31 March 2015 and 31 December 2014.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Commentary on the Consolidated Income Statements

Turnover comprises rental income from investment properties as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the period ended 31 March 2015 ("1Q2015") increased by 161.2% to \$7.00 million compared to \$2.68 million for the previous corresponding period ended 31 March 2014 ("1Q2014"). This was mainly due to the recognition of sales proceeds from residential project, Onze@Tanjong Pagar in 1Q2015 of \$2.60 million and revenue of \$1.65 million from the newly acquired properties, Adam House and Hotel ibis Styles London Kensington in London. There were no revenue recognised for residential projects in 1Q2014.

Cost of properties sold in 1Q2015 relates to residential project, Onze@Tanjong Pagar.

Personnel expenses increased by 58.8% to \$1.28 million in 1Q2015 as a result of increase in headcounts following the commencement of operations of Adam House and Hotel ibis Styles London Kensington in London.

Other operating expenses increased to \$2.99 million in 1Q2015 from \$1.11 million in 1Q2014. This was mainly due to (i) the loss on disposal of fixed assets in Hotel ibis Styles London Kensington in London of \$874,000 and (ii) operating expenses for Adam House and Hotel ibis Styles London Kensington of approximately \$1.05 million.

Finance expenses increased to \$3.62 million in 1Q2015 from \$2.00 million in 1Q2014. This was mainly due higher bond interest expense as a result of the additional bond of \$60.00 million drawdown in June 2014 as well as loan interest for Adam House and Hotel ibis Styles London Kensington.

Finance income increased 65.4% to \$1.40 million. This is mainly due to increase in interest-bearing loans to associated companies.

Share of profits from associated companies increased by 16.4% to \$2.58 million. This was mainly attributed to progressive profit recognition of the various residential projects under the Group's associated companies.

Income tax expense increased from \$68,000 to \$589,000 in 1Q2015, mainly due to deferred tax provision \$281,000 on progressive recognition of profits from development properties. The income tax expense for 1Q2014 of \$68,000 included write back of \$215,000 being overprovision of income tax.

Taking into account the above factors, the Group recorded a 49.7% decline in net profit after tax to \$1.22 million for 1Q2015, compared to \$2.43 million recorded in 1Q2014.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$97.14 million mainly comprised the freehold hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, United Kingdom; and (iii) the newly acquired property at Glenthorne Road, London, United Kingdom of approximately \$31.32 million.

Investment properties amounting to \$172.52 million mainly comprised Tampines Mart, The Woodgrove and Adam House.

The increase in amounts due from associated companies, joint venture companies and investee companies from \$175.33 million to \$180.91 million was mainly due to increase in loans to associated companies and joint venture companies.

Other receivables decreased from \$8.67 million to \$4.38 million was mainly due to amounts received from advance made to non-controlling interest during 1Q2015.

Fixed deposits decreased substantially from \$20.04 million to \$6.63 million in 1Q2015 mainly due to funds utilised for the acquisition of the property at Glenthorne Road, London.

Other payables and accruals increased from \$5.14 million to \$7.03 million was mainly due to increase in accrued bond interests.

Total bank term loans and short-term bank loans increased from \$260.06 million to \$275.26 million as at 31 March 2015 mainly as a result of loan drawdown relating to Adam House.

Commentary on the Cash Flow Statements

Cash and cash equivalents decreased by \$14.30 million in 1Q2015 because the following major cash outflows exceed cash inflows during the period:

Cash outflows:

- net cash outflow of \$31.32 million for the acquisition of property at Glenthorne Road in London;
- loans of \$4.29 million to associated companies and joint venture companies; and
- return of contributions of \$4.29 million to non-controlling interest.

Cash inflows:

- net cash generated from operating activities of \$9.99 million partly due to receipt of progress billings from Onze@Tanjong Pagar; and
- proceeds from bank loans of \$15.45 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the first quarter ended 31 March 2015 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2014.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The property market in Singapore will remain challenging as the cooling measures implemented by the government continues to impact general sentiments. According to URA's latest statistic published on 24 April 2015, the number of private residential units launched (excluding Executive Condominiums, ECs) in 1Q2015 was 1,189 units, lower than the 1,592 units launched in 4Q2014. Similarly, developers sold 1,311 private residential units (excluding ECs), slightly lower than the 1,376 units sold in 4Q2014. Prices of private residential properties continued to decline for the sixth consecutive quarter, with prices falling 1.0% in 1Q2015 from the preceding quarter.

As such, the Group will continue to monitor the market closely for the most appropriate time to launch and also re-launch its development projects and also continue to explore further opportunities. Nevertheless, the Group remains cautiously positive on the longer-term outlook for the Singapore property market.

As part of its effort to mitigate the impact of the slowdown in the local property market, the Group had acquired a number of investment/hotel properties during FY2014 and will continue to seek expansion in its properties portfolio overseas. In addition to the acquisitions of investment properties, the Group will continue to review its options and take necessary steps to enhance its existing assets.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

No.

(d) Books closure date

No.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the first quarter ended 31 March 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Toh Giap Eng
CEO & Managing Director
14 May 2015

Low Yee Khim
COO & Executive Director